



March 16, 2012

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Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: In the Matter of Connect America Fund A National Broadband Plan for Our
Future High-Cost Universal Service Support, WC Docket No. 10-90**

Dear Ms. Dortch:

On March 14, Chris Miller and the undersigned of Verizon met with Christine Kurth, Policy Director and Wireline Counsel for Commissioner McDowell. The purpose of the meeting was to address VoIP intercarrier compensation issues, and, specifically, recent disputes regarding the proper originating access rate for PSTN-VoIP calls under the *USF-ICC Transformation Order*.¹

We discussed the pending petition for reconsideration or clarification filed by Windstream and Frontier regarding this matter. We acknowledged these carriers' legitimate concern over the potential unexpected loss of revenues that are not accounted for in the *USF-ICC Transformation Order's* access revenue recovery mechanisms. Nonetheless, we said that the text of *USF-ICC Transformation Order*, on its face, indicates that originating access charges for all PSTN-VoIP traffic is subject to interstate rates, not intrastate rates. We said that this result strikes the right balance and is consistent with the Commission's objectives in the *Order*. We said that if the Commission were to reverse course now it would upset the careful balance of competing interests in the *USF-ICC Transformation Order*. In addition, we said that reconsidering this aspect of the order would, perversely, serve as a disincentive to migrate customers to IP platforms in order for carriers to continue charging higher intrastate originating access rates. This approach would also subject a subset of VoIP traffic to state rates, potentially put the Commission in the position of speaking to prior period intercarrier compensation disputes, and apply the legacy access charge system to IP traffic – all of which the Commission said expressly in the *USF-ICC Transformation Order* that it would not do. We also said that a Commission reversal on this issue would make it more difficult to rationalize the new VoIP intercarrier compensation regime on appeal. Moreover, expanding the scope of the reconsideration request, as some parties now suggest, to include both PSTN and IP originated traffic would exacerbate these concerns and would increase the current subsidy system at the same time that the Commission is eliminating it, causing other carriers to incur new, unexpected expenses.

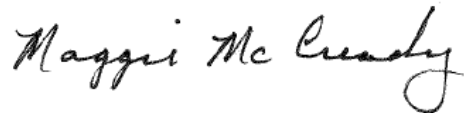
¹ *Connect America Fund, et al.*, WC Docket No. 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (paras. 513-520) (rel. Nov. 18, 2011) ("*USF-ICC Transformation Order*").

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Finally, we talked about the percentage of VoIP traffic now being identified by carriers that are – in some cases for the first time – exchanging percent volume of use factors for VoIP as a result of the new rules in the *USF-ICC Transformation Order*. We said that Verizon's factors are derived from objective and verifiable FCC Form 477 data, and – while there are a few outliers – at this time generally range from the teens to the mid-30s as a percentage of traffic. Once finalized, we said that we would place Verizon's factors on the record in this matter.

This letter is being filed electronically pursuant to Section 1.1206 of the Commission's Rules. Should you have any questions, please contact the undersigned.

Sincerely,

A handwritten signature in cursive script that reads "Maggie McCreedy".

cc: (via e-mail)
Christine Kurth
Michael Steffen
Sharon Gillett
Rebekah Goodheart
Randy Clarke
Victoria Goldberg
Travis Litman